

Remarks of Peter Fraser  
Managing Director, Regulatory Policy  
Ontario Energy Board

Federal Energy Regulatory Commission  
Reliability Technical Conference  
Docket No. AD13-6-000  
Panel I  
July 9, 2013

Good morning Commissioners, staff and fellow panelists. My name is Peter Fraser and I am Managing Director of Regulatory Policy at the Ontario Energy Board (OEB), the energy regulator of the Province of Ontario, Canada. I am speaking with you this morning as a representative of the OEB. In preparing these remarks, I have consulted with representatives of Canadian regulators and governments our so-called Federal Provincial Territorial Working Group on Electric Reliability.

On your question on the state of reliability, let me note that we have found the NERC Reliability Report useful as an assessment of reliability and key issues and I am happy to report that Canada's electric reliability appears to be well managed at this time.

In terms of reliability issues, as the sole Canadian representative on these panels, I'd like to direct my comments at the international nature of the standards and the ERO.

The last time I spoke to you, at the Technical Conference in November of 2011, my topics were international regulatory cooperation on standards development and cooperation among Canadian reliability enforcement agencies. Today,

I'd like to reiterate the international nature of those standards and raise with you some trends that concern us.

We have an international, interconnected grid, and that requires international standards. International regulatory cooperation is important for all of us to ensure that effective standards are developed, complied with and enforced on both sides of our border.

Appropriate Canadian participation in standards development has been central to the ERO model. Yet, ensuring this participation is given its due weight while NERC has been responding to FERC directives remains challenging.

Three recent examples of NERC responses to FERC orders will illustrate our concern:

First, the requirements in the Transmission Planning standards (TPL-001-2a and TPL-002-1c) regarding non-consequential load loss. In response to a FERC order, NERC drafted restrictive load-shedding requirements which should be the domain of the local jurisdictional authority. You may know it as the Footnote B issue. Canadian regulators are concerned about creep of the NERC mandate from reliability of the grid to reliability of supply to end customers.

Second, I would like to remind the Commission that each of our regulatory jurisdictions have their own delineation of transmission and distribution. In developing standards, NERC must account for differences between FERC's definition and the definitions created by legislation or market rules in other jurisdictions. FERC needs to allow the NERC process to unfold and be sensitive to the results. For

example, this has been problematic occasionally in the new, bright-line definition of the Bulk Electricity System (BES).

A third example concerns the recent FERC order to require NERC to develop a standard on Geomagnetic Disturbances (GMD). In general, Canadian jurisdictions agree with the need to assess system vulnerability to GMD. However, as the issues will likely be specific to the geography and design of each power grid, it will be important to have a flexible approach to ensure this issue is addressed cost effectively.

These three examples underscore our concern is that FERC's orders may result in NERC standards being remanded or rejected in Canadian jurisdictions. In turn, that will lead to a divergence of standards in North American jurisdictions to the detriment of our interconnected grid. I note that already in Ontario, for NERC standards that do not have the requisite ballot body approval, further stakeholdering in Ontario is now required before the standards can be adopted or rejected.

NERC should focus on developing North American standards with an emphasis on the integrity of the grid, and sensitive to the many jurisdictions in which they will be applicable. Any special requirements within FERC jurisdictions or requested by any regulator in North America need to be clearly identified as of limited applicability.

The cooperation of staff from the Canadian regulators and FERC on the Trilateral Reliability Working Group and ongoing communications between that group and NERC is helping these issues get highlighted and addressed as they arise.

In terms of emerging issues I would like to mention one development that may be of interest, and that is in the area of integration of renewables and the reduction of coal-fired generation. By the end of this year, Ontario will have closed nearly all of its coal plants. By late 2014, Ontario will have 6800 MW of wind and solar generation in a system with a peak demand of 25000 MW. Eliminating coal while adding intermittent renewables has been possible by making investments in new flexible generation resources (mainly natural gas), in transmission system upgrades, and by changing the rules of our electricity market to require intermittent resources – mainly wind – to be dispatched. We in Ontario are confident that these changes are being made in a way that ensures our system remains reliable.

I thank the Commission for this opportunity and look forward to any questions you might have.